GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4745
ANSWERED ON:23.08.2001
CLOSURE OF ENRON PROJECT
UTTAMRAO NATHUJI DHIKALE

Will the Minister of POWER be pleased to state:

(a) whether the closing down of its project, the Enron Power Company is likely tocause loss to the tune of crores of rupees to the Government of India;

(b) if so, whether the Government of India will have to pay the sum equivalent to thebill of one year along with payment of crores of rupees as penalty besides bearing the debt burden of the company; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (c) : The Power Purchase Agreement in respect of the 2184 MW Dabhol powerproject was entered into between the Maharashtra State Electricity Boards(MSEB) andM/s. Dabhol Power Company (DPC). The liability of the Government of India (GOI is confined to the counter guarantee issued to Phase-I of the project with the capacity of 740 MW. The GOI counter guarantee covers some of the energy and capacity payments as well as some termination payments and gets invoked in the event of MSEB failing to make such due payments to DPC and the Government of Maharashtra (GOM) as theprimary guarantor also fails to make such payments to DPC. The capacity and energypayments are on an annual basis and were capped for the year 1995-1996 at Rs. 1500 crores which would increase annually in a manner specified in the counter guarantee. The termination payment is a one time payment which falls due in the event of termination of the PPA and is capped a debt servicing obligations relating to outstanding foreign debt not exceeding US $ 300 million. A Tripartite Agreement signed between the Ministry ofFinance, GOM and the Reserve Bank of India enables GOI to recover from GOM any payments made by GOI under the GOI counter guarantee.